PMIC Transition Workgroup Minutes

October 11, 2011
8:00 am to 9:30 am
Magellan Health Services
2600 Westown Parkway, Suite 200
West Des Moines, IA

MINUTES

Attendance in Person: Joan Discher, Scott Halverson, Marilyn Lantz, Don Gookin, Kristie Oliver, Vern Armstrong, LeAnn Moskowitz, Wendy Rickman, Dennis Janssen, Jennifer Vermeer, Brock Wolff

Attendance by Phone: Mike Barker, Kermit Dahlen, Jim Ernst, Dan Freeman, Belinda Meis, Art Silva

Facilitator: Beth Waldman

DHS Staff: Theresa Armstrong, Kelly Espeland, Julie Fleming, Laura Larkin, Joanna Schroeder

Other Attendees:

Jess Benson	Legislative Services Agency
Kappy Madenwald	Consultant
Michelle Licktieg	Wellmark
Kelley Pennington	Magellan
Sandra Jacques	Tanager Place
Amber Rand	Children and Families of Iowa

Meeting Summary

Beth Waldman facilitated introductions of the group and reviewed the purpose of the workgroup as defined by SF 525. A handout that described the legislation was shared with the group and reviewed. The ultimate result of the legislation is that the administration of PMIC services must be transitioned to the Iowa Plan on or before July 1, 2012. The PMIC workgroup is to continue meeting through December 21, 2013 to oversee transition of PMIC services to the Iowa Plan.

The PMIC workgroup is working within the broader context of the Mental Health and Disability Services Redesign process. Specifically, the children's disability services workgroup is working on larger system issues that will affect PMIC providers and services. The PMIC workgroup should not duplicate the work of the children's workgroup; therefore, there will be communication with that group as both groups work on the tasks identified in legislation. Kappy Madenwald, the facilitator for the children's workgroup, is present today and Jennifer Vermeer, Medicaid Director, co-chairs the children's disability services workgroup and will also provide updates on that group's recommendations.

Jennifer Vermeer welcomed the participants. The PMIC transitional workgroup process is envisioned as similar to that of the workgroup that facilitated the transition of remedial services to the Iowa Plan. It is hoped that there will be the same level of cooperation for the PMIC workgroup. Regarding the crossover between the PMIC and children's disability workgroups, it is anticipated that the children's workgroup will be working on larger system recommendations which may include PMIC issues, such as recommendations for a sub-acute level of care and the out of state children issue for example, but that the PMIC group will stay specific to PMIC issues.

Joan Discher of Magellan provided a description of the Iowa Plan. Joan provided a PowerPoint presentation, which is available to the workgroup members through the DHS redesign website: http://www.dhs.state.ia.us/docs/IowaPlanIIIforPMICGroup_10-11-2011.pdf

- Joan reviewed the Iowa Plan's priorities, goals, outcomes, and populations served through contracts with Medicaid and the Iowa Dept. of Public Health.
- The financial aspects of the contract between Medicaid and Magellan were reviewed. Magellan is at all full risk for any costs over the capitation payment made by the State. Magellan is required to set aside 85% of the capitation payment for services and claims, 2.5% is set aside for community reinvestment projects, and 12.5% for Magellan's administrative costs/overhead/profit. Magellan does not retain any unused claims funds. These funds are returned to the state to be used for mental health programs and services.
- For Behavioral Health Intervention Services (BHIS) services, the funds are divided at 94% for services and claims and 6% for administration/overhead/profit. If any funds remain in the services pool, they will be returned to the state.
- For IDPH Substance Abuse services, Magellan functions as an administrative service organization. Magellan is not at risk for claims under this program as it is funded by a block grant.
- There is a great deal of oversight of the managed care contract at the state and federal level. Capitation rates are calculated by actuaries and Medicaid has to negotiate within those limits.
- There are several types of certifications and quality improvement plans required of the managed care provider. Magellan is required to be licensed by the Iowa Insurance Division and is subject to an intense review of their operations from that division. There are also performance measures in the contract that include

readmission rates and clinical follow up after inpatient care. There are biweekly meetings with Magellan, IDHP and DHS to identify and address any issues.

Comment/Questions

Question:	What is the fee schedule and payment for PMIC services?
Response:	Jennifer Vermeer responded that that is not known yet, it will be negotiated.
Comment:	There is a misconception in the public that Magellan makes more money if services are cut so the clarification of the financial requirements of the Iowa Plan contract is helpful. How is the percentage of claims vs. fees calculated?
Response:	Jennifer Vermeer responded that capitation rates are calculated based on usage trends over the last three years. They are actuarially set. DHS pays this set rate to Magellan, and then Magellan sets aside the percentages of claims and administrative fees in separate accounts. Jennifer stated that DHS will also be looking at out of state costs and PMIC costs, and will look at how to fund PMICs appropriately under the managed care contract.
Question:	How much is spent in Iowa on PMICs?
Response:	Jennifer replied that it was around $38,000,000 per year, with about $892,000 per year spent out of state. Beth Waldman pointed out that Magellan is already providing oversight of the substance abuse PMICs and has some experience with PMIC-specific issues. She identified rate setting and the ancillary services issue as key issues to be addressed by the workgroup. The state is required to make changes in the reimbursement methodology for PMICs. Currently, PMICs have been billing separately for services such as medical care and drug costs. PMICs are classified by CMS as Institutes of Mental Disease; therefore, all services provided there are to be covered under one inclusive rate. There needs to be an agreement that is acceptable to all parties as well as CMS. The ancillary services issue will be addressed by a subgroup of this workgroup and volunteers are being solicited. Jennifer stated that the solution to the ancillary rate issue needs to be implemented by July 1, 2012.

	Beth asked the group to identify any other issues regarding transition of PMIC services to the Iowa Plan. Beth commented that prior authorization issues should be considered, as a goal of the larger system redesign is to reduce lengths of stay in PMICs. How does that fit into the current PMIC model of care?
Comment:	Staff qualifications may be an issue, as it has been in the BHIS transition. If qualifications for PMIC providers or staff change under the Iowa Plan, this can affect provider's ability to provide services.
Comment:	A group of PMICs has met in the past and looked at PMIC standards and different levels of care. There will need to be a definition of what PMIC is. Are there specialty areas within PMICs and what are the qualifications, types and amounts of professional services available in the various PMICs?
Comment:	Discharge planning is important.
Comment:	There will be pressure on reducing length of stay, but PMICs need someplace to refer to such as step down services or day treatment.
DHS Response:	Jennifer Vermeer stated that we need to focus on services before and after the PMIC placement, both diversion from PMIC and planning for services afterward. The children's workgroup is addressing this also.
Comment:	Regarding the ancillary discussion, it is difficult to get accurate numbers from the system.
Workgroup comment:	The Coalition for Children and Family Services has looked at several agencies' raw data and is trying to develop a model of a payment system that addresses the ancillary charges. It is a challenge to cover those services. Magellan being a Medicaid waiver program may assist PMIC providers in developing flexibility in services.
DHS Comment:	Wendy Rickman stated that the group needs to figure out what a PMIC is, set core expectations, and then think about flexibility.
DHS Comment:	Jennifer Vermeer stated there will be an ancillary services subgroup to focus on this, so that the main group can focus on the larger PMIC transition issues. The main group will have three meetings held by phone or online in November. Research will be done on other states efforts to comply with

the ancillary costs issue prior to the subgroup meeting. The ancillary service subgroup will have three separate meetings and then come back to the last PMIC workgroup meeting. Financial officers from the PMICs are encouraged to participate in the subgroup.

Those on the phone did not identify any other issues for question or comment.

Joan Discher asked whether it was possible for PMIC's to look at what their specialties are? We typically haven't matched children's needs to placements. Placement has been more driven by availability of beds.

Kristie Oliver said that the Coalition wasn't able to classify PMICs by special skills or populations served.

DHS Comment: Jennifer identified that the children's workgroup was recommending sub-acute level of care, wants to reduce waiting lists, and encourage shorter term placements. Iowa needs more specialized care for those with higher needs such as children with intellectual disabilities, autism, or borderline intellectual functioning. Providers should look at how to develop their specialties and skills, what do they need to improve or develop those skills, in terms of resources and training. The State is not looking at increasing numbers of PMIC beds; therefore we need to use the resources we have more effectively.

Comment: The children's group is being innovative. This group is encouraged to be the same.

DHS Comment: PMICs may need to look for possibilities to change how units are structured or staffed in order to serve children with autism or other high-intensity needs.

Comment: This should include serving children with severe behavioral issues also.

Comment: There may be a need for higher levels of staff also, or secure facilities.

DHS Comment: This is not about facilities being locked necessarily.

Adjourn

Two additional workgroup meetings are scheduled: Fri. Nov. 4 and Wed. Dec. 7. Both meetings will be from 12:30-3:30 pm at Magellan's office.

For more information:

Handouts and meeting information for each workgroup will be made available at: http://www.dhs.state.ia.us/Partners/MHDSRedesign.html

Website information will be updated regularly and meeting agendas, minutes, and handouts for the six redesign workgroups will be posted there.